



CITY OF SCOTTSDALE

REQUEST FOR CONCEPTUAL PROPOSALS FOR DEVELOPMENT OF A 3.73± ACRE SITE AT 74TH STREET AND MCDOWELL ROAD IN SCOTTSDALE, AZ

**Issued By
Economic Vitality Department
City of Scottsdale, Arizona**

**Submissions Due No Later Than:
4:00 pm, March 12, 2010**

Table of Contents

Section I. Introduction	3
Overview	3
RFCP Structure and Purpose	3
Selection and Development Agreement	4
Context for Southern Scottsdale Development	4
Regional Setting	5
Census Population and Income	6
Current Estimates of Population and Income	6
Site Context	6
Land Cost	7
General Property Description	7
Site Location and Adjacent Uses	7
Transportation	7
Site Access	7
Site Utilities	8
Site Improvements	8
Environmental Assessment	8
 Section II. Development Standards	 8
Plans	8
Zoning	9
 Section III. Economic and Design Assumptions	 10
 Section IV. Summary of Review Process	 10
Schedule	10
Evaluation Criteria	11
 Section V. Submission Requirements	 12
Submission of Questions	13
 Section VI. Due Diligence	 14

List of Exhibits

- Exhibit 1 Location Map**
- Exhibit 2 Site Context**
- Exhibit 3 Site Characteristics**
- Exhibit 4 Site Layout with Adjacent Parcels**
- Exhibit 5 General Plan Land Use Categories**
- Exhibit 6 Zoning**

Section 1. Introduction

Overview

The City of Scottsdale is pleased to announce that it is seeking conceptual proposals from experienced developers for the possible development of City-owned land on the northeast corner of 74th Street and Culver Street in Scottsdale (Exhibit 1, Location Map). This Request defines the development opportunity and outlines the proposal requirements.

The City is seeking conceptual development proposals for this site from an experienced and proven development team. The proposals are to contain enough detail to establish preliminary economic and design feasibility, demonstrate Proposer's previous experience in similar projects, and outline the community and economic benefits of the project, emphasizing how the proposal would encourage further revitalization along the McDowell Road corridor.

The site includes approximately 3.73 acres and is situated adjacent to SkySong, the ASU Scottsdale Innovation Center. The site is currently a partially paved lot used for temporary storage by the City. Proposers are encouraged to evaluate the potential of this site on its own, or in combination with neighboring privately owned parcels.

The City is seeking conceptual proposals that involve developing the site in a way that complements SkySong and contributes to the economic development of the McDowell corridor. The City is willing to consider proposals that involve the purchase of the City site, leasing of the site, and/or a public/private partnership for the development of the site on its own or in combination with adjacent privately-owned properties as identified below.

RFCP Structure and Purpose

This Request for Conceptual Proposals (RFCP) is structured to allow flexibility in the preparation and submission of responses and to allow the City, with the direction and approval of the City Council to: (a) select a Developer from among qualified Proposers through a subsequent Request for Proposals (RFP) or (b) withdraw the site.

In general this Request for Conceptual Proposals is designed to:

1. Determine the level of interest in the development community for developing a project on the subject property in cooperation with the City of Scottsdale, and potentially including neighboring privately-owned properties.
2. Provide feedback to the City on whether the conceptual proposals support the revitalization goals for this area of Scottsdale.
3. Help determine whether the City's goal of redeveloping the site to complement SkySong, produce economic and fiscal benefits to the community, and stimulate wider revitalization of the area is reasonably attainable.
4. Provide the City an understanding of the level of financial or other participation a developer will expect the City to have in the development process.

5. Solicit potentially creative design approaches to maximize the quality of the conceptual development.

Selection and Development Agreement

It is the City's ultimate objective to determine that a conceptual development proposal has adequate feasibility to warrant moving forward with a Request for Proposal (RFP) bid process.

It is not expected nor is it considered necessary or appropriate in this conceptual process for Proposer to draft any legal documents designed to establish a contractual relationship between the City and Proposer.

It is not the intent of the City to enter into a 'conceptual' development agreement as a result of any conceptual proposal. Only if the City pursues a formal Request for Proposals (RFP) would the City consider entering development agreement negotiations. This Request for Conceptual Proposals (RFCP) does not constitute such an RFP.

The City reserves the right, at any time to reject any or all conceptual proposals.

Context for Southern Scottsdale Development

The City has focused for the last decade on revitalization of its Downtown. With much of the over \$3.4B invested in the area south of Chaparral Drive since 2003 having gone into the downtown area, the City's attention has shifted to stimulating new investment in the areas south of downtown.

McDowell Road has long been an important commercial corridor, with auto dealers and Los Arcos mall providing a strong retail base serving residents of the city as well as surrounding communities. As population growth shifted to North Scottsdale and communities south and east of the City, competing retail projects were developed closer to the new growth areas and the McDowell corridor gradually declined as a regional retail center. In December 1995, the City designated commercial properties along McDowell and Scottsdale Road south of Thomas as the Los Arcos Redevelopment Area, and in 1996 adopted a plan to assist in their revitalization.

The decline in retailing accelerated with the completion of the Loop 101 and 202 freeways, which diverted traffic from McDowell Road and other arterials running through Southern Scottsdale, and attracted new retail development along the freeways. The McDowell corridor has consequently developed significant vacancy in auto dealerships and other retail properties which has been aggravated by the severe economic contraction of 2008-09.

In 2004 the City embarked on an effort to revive the economy of the area, entering into a partnership with the Arizona State University Foundation to develop SkySong, the ASU Scottsdale Innovation Center. This project on the site of the former Los Arcos Mall is targeted at attracting innovative companies that wish to work closely with ASU

researchers and staff in bringing new technologies to market. The project currently consists of two new Class A office buildings comprising 300,000 SF of space. Approved plans for the site total 1.2 MSF of office, hotel, retail, and residential space representing an investment of over \$100 million. A parking garage has been completed for a planned 325-unit apartment complex that is awaiting improved market conditions. SkySong lies directly across 74th Street from the RFCP subject property.

In addition to SkySong, recent revitalization projects have included revitalization of a former grocery store into a mixed use project including the City's Granite Reef Senior Center and adjacent privately-owned McDowell Village senior housing and retail center. This property is about 1 mile east of the subject property.

In 2007, a new 147,000 SF Lowe's store was completed at McDowell and Hayden Roads, approximately ½ mile east of the subject property. Combined with City infrastructure projects including McDowell Road streetscape, canal-side pedestrian paths, and storm water and sanitary sewer improvements as well as reconstruction of three area schools by the Scottsdale Unified School District, an estimated \$1.3B has been invested in southern Scottsdale in the last 5 years.

Scottsdale's third largest employer, the C4 Systems division of General Dynamics, is headquartered in a large facility across McDowell Road from the Senior Center. This facility is home to four thousand employees, and has been an important site for production of electronics since it was developed by Motorola in the 1950s.

The headquarters of Scottsdale's largest private employer, Scottsdale Healthcare, is located on its Osborn Medical Campus on the edge of downtown about 1.5 miles north of the project site. The Osborn Campus has about 3,000 employees on site.

This RFCP presents an opportunity to redevelop this key site to complement the SkySong development and help stimulate the economic revival of southern Scottsdale.

Regional Setting

Southern Scottsdale is uniquely positioned in the metropolitan area in relation to proximity to a variety of economic assets and amenities. Two miles to the north, Downtown Scottsdale has been recognized for over half a century as a special destination for visitors and residents. Home to the Southwest's most successful regional mall, Scottsdale Fashion Square, and the location of Old Town, a widely recognized shopping area reflecting the western heritage of the area, Downtown draws local and regional customers as well as thousands of tourists and visitors.

Ten minutes to the south lies downtown Tempe with its lively mix of retailers and employers as well as Arizona State University, one of the largest research universities in the nation with 55,000 students.

With the Loop 101 and 202 Freeways lying 2-3 miles from the subject property, the site has easy access to Phoenix Sky Harbor International Airport and downtown Phoenix, the East Valley communities of Tempe, Mesa, Chandler, and Gilbert, and the rest of the metropolitan area. Likewise, within a 20 minute freeway drive are North Scottsdale's assets such as Scottsdale Airport, one of the state's largest employment centers at the

Scottsdale Airpark, and WestWorld, home of the internationally recognized Scottsdale Arabian Horseshow and Barrett-Jackson Classic Car Auction.

Census Population and Income

Scottsdale is located in eastern Maricopa County in the eastern portion of the Greater Phoenix Metro Area. According to US Census data, population in the Phoenix Metro area (defined by the Census as the Phoenix-Mesa Metropolitan Statistical Area) in 2000 was over 3 million and grew at an average rate of 4.4 percent per year between 1990 and 2000, faster than population in the state as a whole (3.4 percent per year), and much faster than population nationwide (1.1 percent per year). During the same timeframe, Scottsdale's population grew at an average annual rate of 5.9%. In 2000, Scottsdale's population of 202,705 was approximately 6.0 percent of the Phoenix Metropolitan Area. Scottsdale's 2000 median income, \$57,484, was more than 26.0 percent greater than median income in the Phoenix Metro area (\$43,000), and nearly 42.0 percent greater than the median income for the state (\$38,600).

Current Estimates of Population and Income

As of July 1, 2009 Scottsdale's estimated population is 244,250, which represents a 2.27% average annual rate of growth since Census 2000. Median household income for Scottsdale is currently estimated at \$69,172 compared to the 2000 Census estimate of \$57,484.

The US Census' latest estimate of population for the Metro Area as of July 1, 2008 is 4,281,899 representing a 3.52% average annual rate of growth since Census 2000. As of July 1, 2008, the State of Arizona population is estimated at 6,500,180, which represents a 2.97% average annual rate of growth since Census 2000.

Site Context

The McDowell commercial corridor is in transition with declining older retail properties contrasting with new private and public investments. Currently dominated by highway-style uses such as auto dealers sitting far back from the street behind large parking lots, the City's plans call for the area to be redeveloped into a more pedestrian-friendly environment with a mix of uses.

The SkySong development immediately to the west of the project site is representative of these plans. The first two buildings totaling 300,000 SF have ground floor retail space with Class A office space in three floors above, and are currently home to 45 organizations with over 400 employees. Buildings 3 and 4 will be similarly configured and will connect the existing buildings to Scottsdale Road. The signature fabric shade structure between the buildings provides a focal point for public gatherings and is already hosting community events such as a farmers market. Plans for the development call for a hotel and residential units in addition to more office space. A parking garage to serve office workers and a 325 unit apartment complex has recently been completed. At build-out, the SkySong development is projected to house approximately 2,000 jobs, with a focus on new companies in emerging industries.

Land Cost

Conceptual proposals should briefly discuss land values or how the City would be compensated for the subject property in this RFCP. Actual value would be subject to appropriate appraisals and negotiation if an RFP is subsequently issued and a development agreement established.

General Property Description and Conditions

Site Location and Adjacent Uses

The site is located on the northeast corner of N. 74th Street and E. Culver Street in Section 2, Township 1 North, Range 4 East in the City of Scottsdale. (See Exhibit 2, Site Context) The site is located directly across 74th Street from the SkySong development's Buildings 1 and 2, which total 300,000 square feet of Class A office space. The site is currently used by the City for temporary storage of materials and equipment.

The Proposer may include identified neighboring properties in the Conceptual Proposal. To the north of the site are retail properties totaling over 100,000+ SF of space, including the Los Arcos Crossing retail plaza, which is currently vacant. Three retail pads along McDowell Road house auto-related businesses. To the east of the site are one story office/commercial buildings extending to Miller Road. On the south, the site is bordered by privately-owned Culver Street, across which are a church and an adjacent parking area on 74th Street that is part of the SkySong property (Exhibit 3, Site Characteristics and Exhibit 4, Site Layout).

Transportation

McDowell Road is the nearest arterial street, less than one block north of the site. The site is also well served by Scottsdale Road, two blocks to the west. Traffic volume at the intersection of these two arterials was estimated in 2006 at an average of 79,000 vehicles per day, one of the busiest corners in the city. McDowell Road connects to the Pima Freeway (State Route 101) less than two miles to the east and Scottsdale Road connects to the State Route 202 freeway approximately four miles to the south. Regional bus transit service is available on both Scottsdale and McDowell Roads, and Valley Metro Route 76 runs down 74th Street next to the property. Scottsdale's free neighborhood trolley operates on Roosevelt Street about 1/3 mile to the south, providing service to downtown Scottsdale.

Site Access

Vehicular access to the site is currently at the west edge of the property from 74th Street. Both Culver Street and 75th Street are privately owned, and 75th is not used for through traffic.

Site Utilities

Site utilities include water and sanitary sewer provided by City of Scottsdale, electric utilities provided by Salt River Project, and telecommunications provided by Qwest Communications and Cox. Natural gas service may be verified with Southwest Gas (602) 395-4165.

Site Improvements

The site is improved with paving, although it is not in good repair. 74th Street is improved, with concrete curbs and gutters, sidewalks, and streetlights. Culver Street and 75th Street bordering the site on the south and east are privately owned, and 75th Street is closed to through traffic.

Environmental Assessment

The City of Scottsdale conducted an environmental assessment of the site in 2004, and there are no known unremediated environmental issues. The lot has been used most recently for parking and storage of construction materials. Proposers may choose to verify the previous uses on the site.

Section II. Development Standards

The City of Scottsdale places a high value on quality design that reflects the community's Sonoran Desert environment. Development should respect and enhance the unique climate, topography, vegetation, and historical context of Scottsdale's Sonoran Desert environment, all of which are considered amenities that help sustain our community and its quality of life. Proposers should indicate how the conceptual proposal responds to the City's Sensitive Design Principles and other Design Guidelines tailored to specific land uses. These materials can be found on the City's web site at <http://www.scottsdaleaz.gov/planning/general/sensitivedesign.asp>. Proposers may suggest the need or desirability for alternative design standards.

Plans

The 2001 Scottsdale General Plan denotes the site as Mixed-Use Neighborhood, as are the adjacent commercial properties. The two neighboring properties south of Culver Street are designated Suburban Neighborhood. The current General Plan designations for the subject property and vicinity are presented in Exhibit 5, and the full plan can be found at: <http://www.scottsdaleaz.gov/generalplan.asp>. The City is currently revising the General Plan for completion in 2011.

The City is also currently working on the draft South Scottsdale Community Area Plan, which includes the subject property. The Existing Conditions report for this plan can be downloaded from the City's website at: <http://www.scottsdaleaz.gov/planning/areaplans/CAPsouthern.asp>

The site and the adjacent properties lie within the boundaries of the Los Arcos Redevelopment Area, for which a plan was adopted in 1996. The plan designated the area on the south side of McDowell, including the subject property, as the area's Commercial Core to be redeveloped with a mix of uses. The plan can be found at http://www.scottsdaleaz.gov/Assets/documents/design/Plan_LosArcosRedev.pdf

Zoning

The subject property is zoned Planned Community Development district (P-C) along with the adjacent SkySong property. Zoning on the neighboring parcels, which Proposers may include in their conceptual proposals, is a mixture of C-S and C-3. Zoning for the individual parcels is presented in Exhibit 6.

The city recognizes that the current zoning may or may not be appropriate for future development of the site, depending on the nature and scale of the conceptual proposal put forth by the Proposer. The City encourages Proposers to develop creative conceptual plans, and will consider flexibility in the regulatory/zoning structure in order to achieve the developer's and the city's objectives. This may include modifications to existing zoning requirements or rezoning to a more flexible zoning category, including:

- P-C (Planned Community Development)
- PRC (Planned Regional Center)
- PUD (Planned Unit Development)

All development standards and regulations for Scottsdale's zoning districts are located in Article V of the Scottsdale Zoning Ordinance. For detailed information on the city's zoning districts, please consult the city's website at:

<http://www.scottsdaleaz.gov/codes/zoning.asp>

Please note that changes to the site zoning may require a change to the General Plan.

Section III. Economic & Design Assumptions

The Proposer must present to the City the assumptions on which the conceptual proposal is based. Care should be given in presenting these assumptions as the City may consider them as a basis for initiating negotiations if a Request for Proposals is issued in the future and the Proposer is successful in being chosen to negotiate a development agreement with the City.

Proposer's explanation of assumptions should include at least the following:

1. Ownership of the City parcel under the conceptual development proposal whether purchased from the City, leased, or remaining under City ownership.
2. Estimated value the Proposer will offer to the City for the land if its purchase is integral to the proposal. This may be stated as a range.
3. Range of construction costs for the project.
4. Range of ongoing maintenance costs that would be the responsibility of the City.
5. Expansion of the site to adjacent properties to improve the economic feasibility or physical design of the conceptual project. Proposers must identify the assumptions on which expansion of the site is based. The City will not condemn property in order to increase the size of the available parcel for private development. The City has identified neighboring properties that lie within the boundaries of the Los Arcos Redevelopment area, but does not control most of these sites and is not requiring their inclusion in the conceptual proposal.
6. City participation in the development of improvements, or other City actions that are in the opinion of the Proposer necessary for the project to be economically successful.
7. The zoning and General Plan designation required to complete the conceptual project.
8. Recognition that the City will pay no brokerage commissions to brokers should an actual offer to sell the property be made.
9. Any other assumptions critical to determining if the conceptual proposal is reasonably economically and physically feasible.

Section IV. Summary of Review Process

Schedule

The following is a general outline of the selection process for the development and the anticipated time schedule. The timing of the steps in the process is subject to change. Proposals will not be accepted after the March 12, 2010 deadline.

February 5, 2010	▪ City Issues Request for Conceptual Proposals
February 16, 2010 @ 11:00 a.m.	▪ City holds pre-proposal conference at: 4021 N. 75 th Street, Suite 102 Scottsdale

February 22, 2010	<ul style="list-style-type: none"> ▪ Written questions due
February 26, 2010	<ul style="list-style-type: none"> ▪ Written answers delivered
March 12, 2010 4:00 p.m.	<ul style="list-style-type: none"> ▪ Conceptual Proposals due
March/April 2010	<ul style="list-style-type: none"> ▪ City reviews proposals
April 2010	<ul style="list-style-type: none"> ▪ City Council reviews proposals and determines whether to issue an RFP or eliminate the site from consideration

Evaluation Criteria

The City of Scottsdale is interested in the value the project will add to SkySong and the revitalization of the McDowell corridor as well as the direct financial return to the City. Proposers should keep this in mind as they respond to the following criteria:

1. Proposers must present the economic and development assumptions on which they are basing the project's financial feasibility.
2. The Proposers must state the community benefits that will be generated, e.g. including the numbers and types of jobs generated, retail services provided, number of residential units and approximate price points, sales and/or bed tax generated, value of private investment, increase in visitation to the area, etc. The Proposer must identify how the project would contribute to the mission of SkySong and help stimulate renewal beyond the project's boundaries.
3. The Proposer must clearly demonstrate experience in successfully developing similar projects.
4. The Responses must include conceptual drawings of the project. These are preliminary drawings. They should, however, reasonably reflect the Proposer's concept for uses, height, massing, public and private parking, open space, and any other site amenities or public benefits. If the City issues a Request for Proposals, more detailed drawings would be required. A final design would be generated as part of a separate process if a Proposer were selected to negotiate to be the developer of the site.
5. Conceptual drawings must show how the project will relate to the surrounding uses.
6. The Proposer must state an estimated overall time frame to construct the development contained in the Conceptual Proposal.

7. The Proposer should present information on its ability to leverage and influence revitalization of adjacent parcels if Proposer believes the inclusion of those properties is necessary to the feasibility of the Conceptual Proposal. The City will not entertain the use of eminent domain for the acquisition of properties to be used for private development.
8. The Proposer must state the manner in which the City will be compensated for the property, as well as any expectations for financial or other types of participation by the City. A pro forma supporting the conceptual scheme should be included.
9. The Proposer must state whether its preference is to own or lease the site, and what portion of the site would be sold or leased (i.e. land, air rights, subterranean rights)
10. The proposals must state what zoning category the Proposer would need to accomplish the goals of its project.

Section V. Submission Requirements

In order to facilitate review by the City, please submit materials in keeping with this format, identifying each item by number and letter. Eight copies of the Conceptual Proposal are to be submitted. Proposals are limited to 25-pages one-sided only. Each respondent to this RFCP is required to provide the following.

1. Benefits the City of Scottsdale will receive directly and indirectly.
2. Elements of the conceptual project proposed for the property including number of parking spaces, square footage of proposed uses, number of any residential units, and other basic data.
3. Development Program and Elements - an overview of the approach the Proposer intends to follow to accomplish development of the project if it were constructed.
4. Quality – Description of the quality level the conceptual project would intend to achieve and references to projects that would reflect the quality.
5. Design – Conceptual drawings of the project plan showing physical layout of the property, approximate configuration of buildings and other elements. In a narrative format indicate potential exterior materials and demonstrate through conceptual drawings likely building heights, massing, and parking configurations. Note: detailed renderings and architectural plans are not required at this time.
6. Economic and Design Assumptions – A presentation of those items noted in Section III of this RFCP and a brief statement of why the Proposer believes there is a market for the project presented in response to this RFCP.
7. Qualifications of the Developer including market knowledge, design capabilities, and other relevant experience and knowledge.
8. Identification of the legal entity, and its legal form, responding to this RFCP.
9. The Proposer's previous relevant project experience (including joint venture partners); photographs, brief descriptions of projects (date, location, concept, land uses, size, construction cost, role of development entity, etc.) Do not exceed five pages.

10. Cover letter indicating interest in developing the proposed project and interest in participating in a Request for Proposals.
11. Background, title, and role of key individuals in the Proposer's team, if known, who would likely be involved in responding to (1) a future Request for Proposals or (2) who would likely participate in negotiation of a development agreement.
12. The identification and experience of key consultants, if any, involved in the preparation of the Conceptual Proposal.
13. Discuss the Proposer's understanding and experience working with the City or other governmental entities on similar projects.
14. Indicate the Proposer's experience in obtaining community acceptance of development projects.
15. List of references including other city or governmental entities with regard to similar projects.

All statements should be complete but as brief as possible.

Eight copies of the responses to the Request for Conceptual Proposals, must be submitted by **4:00 p.m. on March 12, 2010** to:

City of Scottsdale
Economic Vitality Department
4021 N. 75th Street, Suite 102
Scottsdale, AZ 85251

Submission of Questions About the RFCP

Proposers are encouraged to submit questions or comments in writing to the City of Scottsdale regarding this Request for Conceptual Proposals by February 22, 2010. Questions should be directed to Mark Hunsberger at the address below. Answers to written questions will be provided in writing to all bidders.

Proposers should not rely on oral statements from anyone. Any changes in the terms of the RFCP will be set out in a written addendum supplied to all respondents.

The Proposer, by submitting a response to the Request for Conceptual Proposals, waives all rights to protest or seek any legal remedies whatsoever regarding any aspect of this Request for Conceptual Proposals. Questions regarding this RFCP may be directed to:

Mark Hunsberger
Revitalization Specialist
480-312-7315
mhunsberger@scottsdaleaz.gov

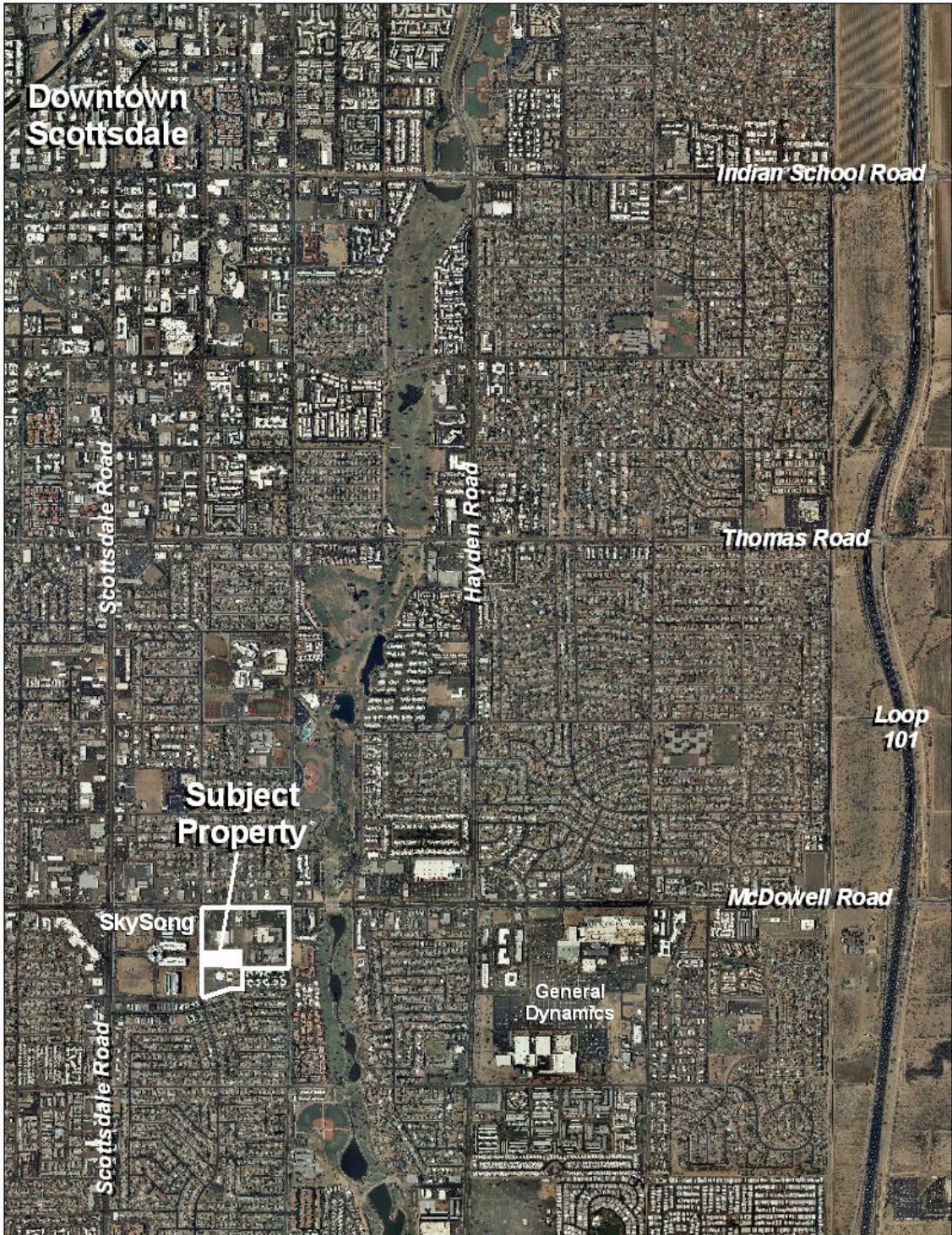
Section VI. Due Diligence

The information provided in the RFCP or other statements or materials provided by the City are for convenience only and to provide respondents with information that the City of Scottsdale has assembled as of this preliminary stage in the process. Prior to submitting conceptual proposals, it is strongly recommended that Proposers independently examine and verify the property's characteristics and other factors affecting the property and the project. The City of Scottsdale makes no representation or warranties with respect to these matters.

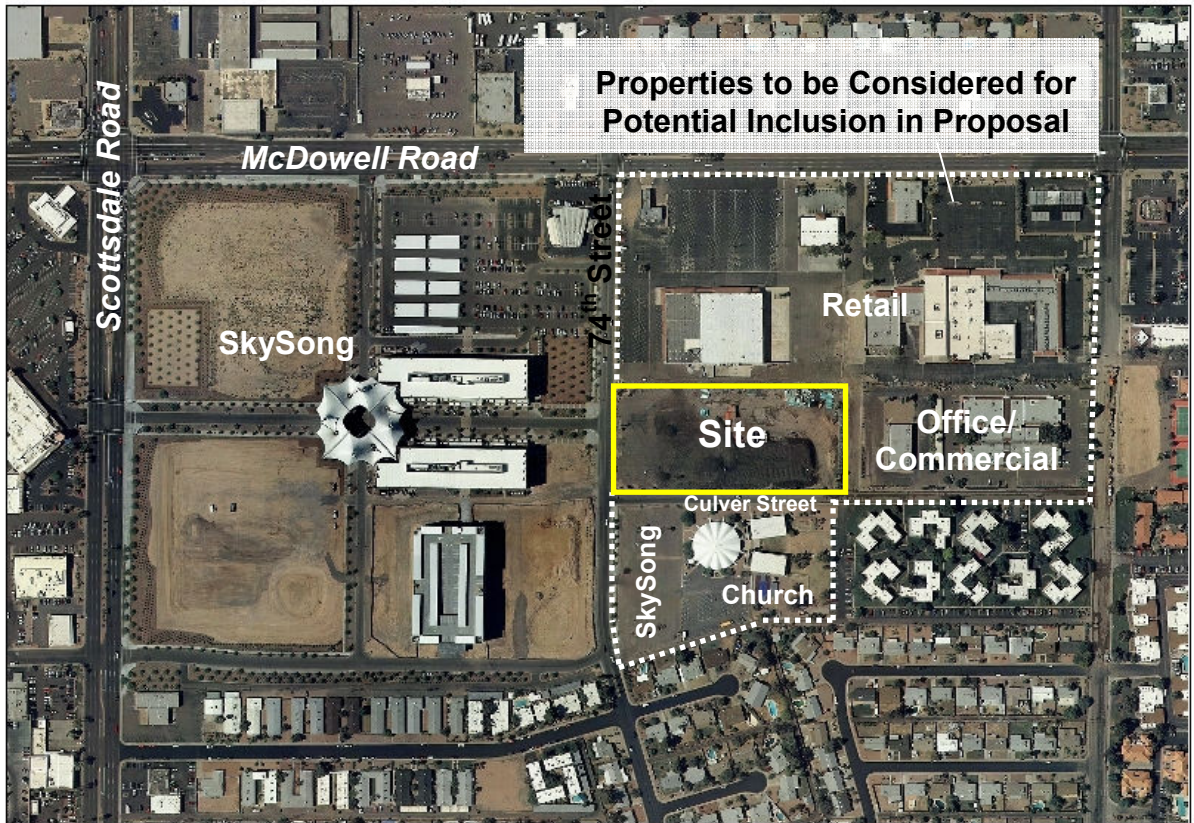
This RFCP is issued pursuant to any and all applicable state, local, and other laws pertaining to development, revitalization, infill, and acquisition and disposition of public lands.

After evaluation of the submitted Proposals, the City Council will decide if the site should be offered for development through a more intensive Request for Proposals.

Exhibit 1
Location Map



**Exhibit 2
Site Context**



Source: City of Scottsdale GIS

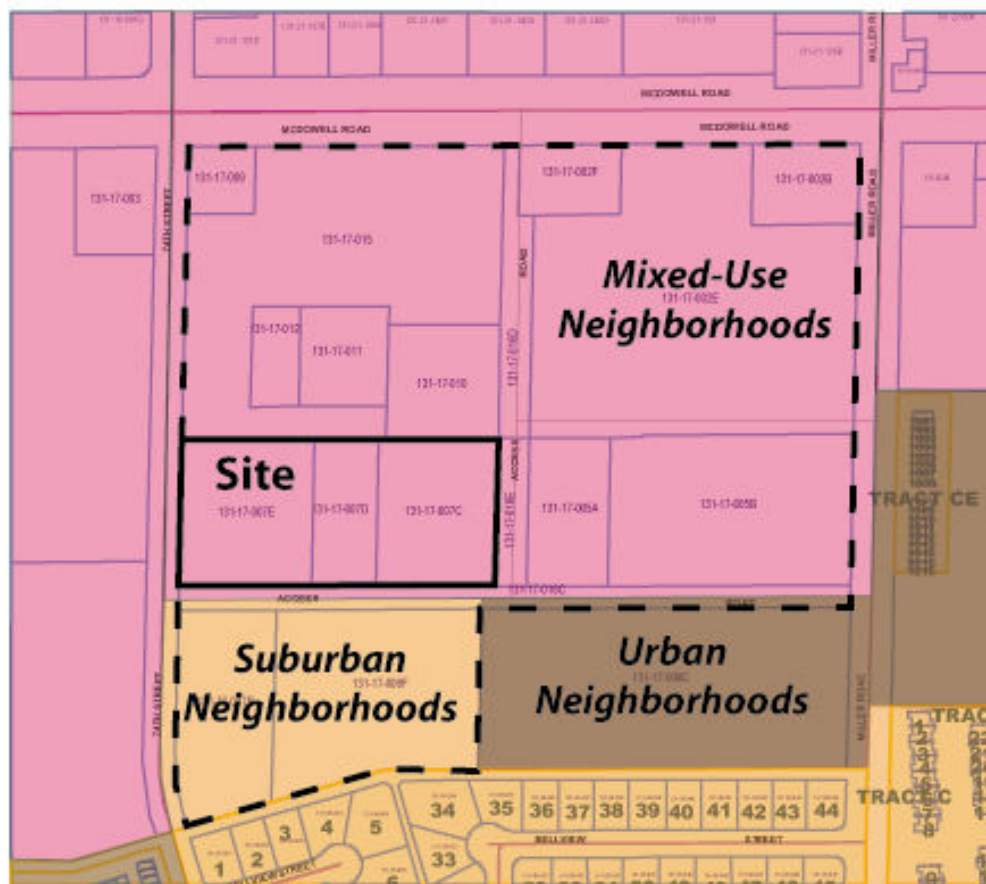
Exhibit 3
Site Characteristics





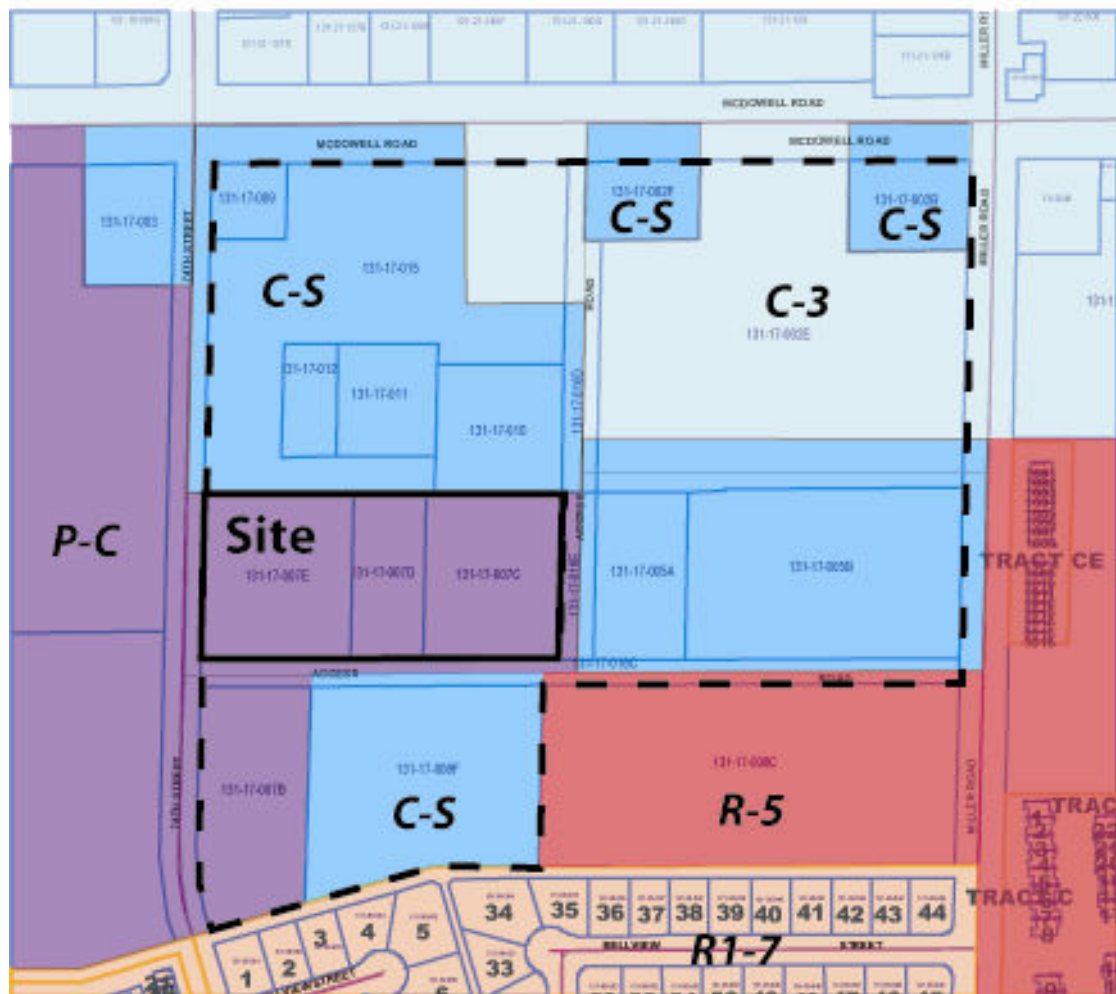
74TH STREET AND McDOWELL ROAD REQUEST FOR CONCEPTUAL PROPOSALS

Exhibit 5 General Plan Land Use Categories



Source: City of Scottsdale GIS

Exhibit 6 Zoning



Source: City of Scottsdale GIS